

**GOVERNMENT OF INDIA
CIVIL AVIATION
LOK SABHA**

UNSTARRED QUESTION NO:3257

ANSWERED ON:06.09.2007

POLICY ON MERGER AND ACQUISITION OF PRIVATE AIRLINES

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Will the Minister of CIVIL AVIATION be pleased to state:

- (a) whether the Government proposes to liberalize its policy and rules in case of mergers and acquisitions in the aviation industry; and
- (b) if so, the details thereof;
- (c) whether the merger of Air India and Indian Airlines has sprung benefits to passengers and savings in operational costs and insurance and have set an exemplary model for merger and acquisition of private airlines ;
- (d) if so, the details thereof; and
- (e) the reaction of the Government thereto ?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF CIVIL AVIATION (SHRI PRAFUL PATEL)

(a) and (b):- The Government has already issued a policy regarding use of airport infrastructure in case of merger /take over of airlines in a non-discriminatory manner.

(c) to (e):- The merger of Air India and Indian Airlines will inter-alia create the largest airline in India comparable in size to other competing airlines in Asia, leading to economies of scale and synergies in operations. However, private airlines are free to adopt different models for their proposed mergers/acquisition based on their own judgement.